

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.



Resume
A 281.9
A983

U. S. DEPARTMENT OF AGRICULTURE
NAT

DEC 3 - 1964

**SOUTH AFRICA'S
Agricultural
Economy
in Brief**

**FOREIGN
AGRICULTURE
ECONOMICS**

by Robert C. Moncure

ERS-Foreign 103 • Foreign Regional Analysis Division • November 1964

POPULATION

The Republic of South Africa had a 1960 population of 15,983,000. There were 3.1 million whites, 10.9 million Bantu Africans, 1.5 million Coloureds, and 477,000 Asians. The estimated annual increase in population is 2.4 percent. The mid-1963 estimate was 17 million. Population density varies widely, with very low density in large areas, but with a national average of 36 persons per square mile. Twenty percent of the population is in the mining-industrial complex of the Johannesburg-Pretoria area. Other concentrations are in the Cape Town, Durban, Port Elizabeth, and East London areas.

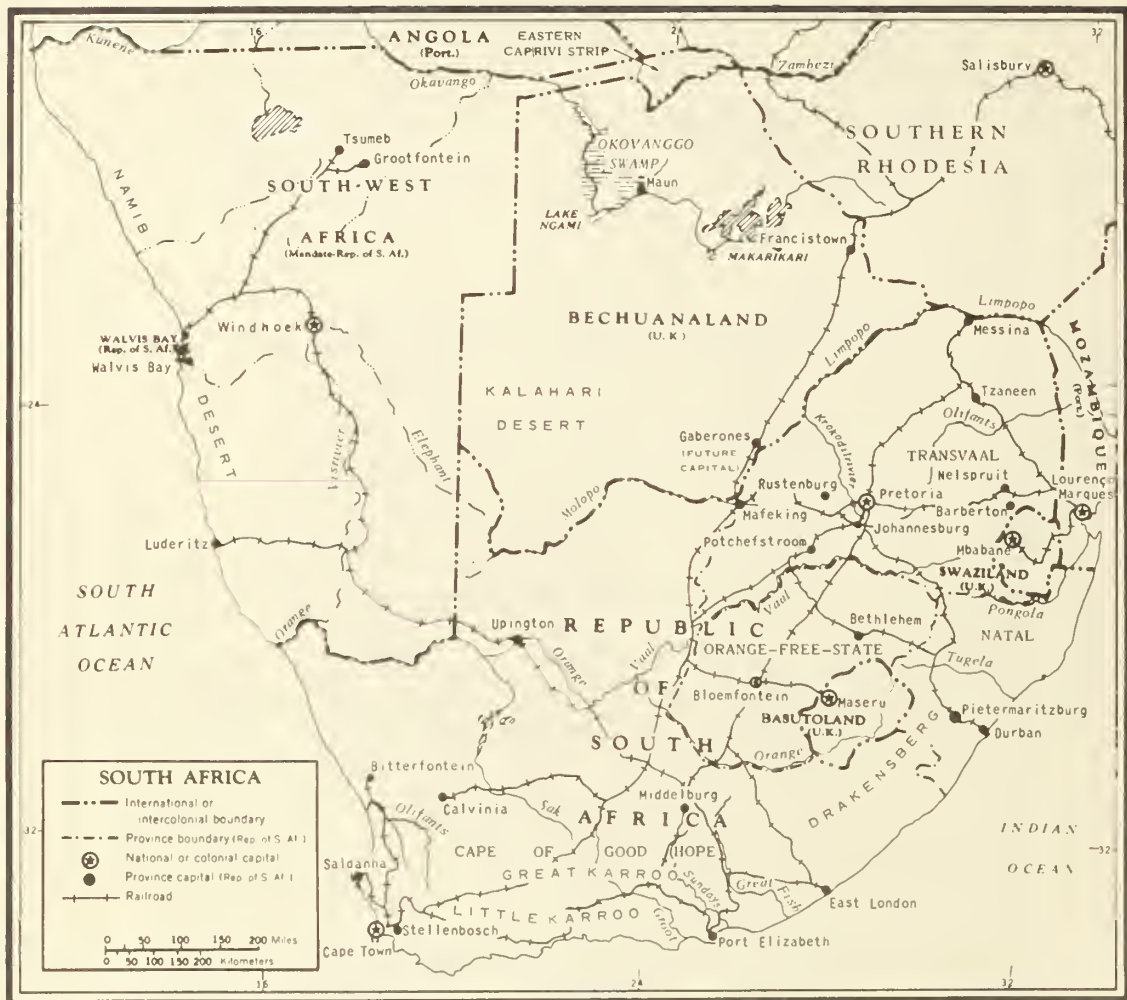
Farm population in 1960 was 43 percent of the total, but it has declined since. It is predominantly African, both on white farms and in the Bantu reserves. But the farm population in 1960 included 18 percent of the country's whites.

The Bantu African reserves, largely situated in the eastern and better rainfall areas of the country, have over one-third of the population. But, substantial numbers of the reserves' able-bodied male population are absent part of the time working for wages in white industrial areas.

LAND CHARACTERISTICS AND USES

The area of the Republic of South Africa is 472,000 square miles or 302 million acres, about one-sixth the size of the United States. Nearly 90 percent of the area is low-rainfall livestock range country used for sheep, cattle, African and Angora goats, and African nonwool sheep. About 10 percent (30 million acres) is in field and fruit crops. The present irrigated acreage is 1.5 million acres, with an eventual goal of 2.5 million. Most of the increase will result from the vast Orange River Scheme for development of domestic and industrial water supply, power, and irrigation. While irrigated land is used mainly for fruit, it is also important in the production of tobacco, vegetables, alfalfa, cotton, some wheat and corn, and pastures.

The African reserves are essentially areas of subsistence agriculture, producing both livestock and crops. Because of overstocking, erosion, poor crop yields, and considerable rough topography, the reserves do not produce more than half of the food needed by the occupants.



U.S. DEPARTMENT OF AGRICULTURE

NEG ERS 3106-64 (9) ECONOMIC RESEARCH SERVICE

Erratic and low rainfall, poor soils, and scarcity of natural water supplies vitally affect crop production and livestock patterns in the Republic of South Africa. Large areas are comparable to parts of southwestern United States and northern Mexico. About 80 percent of the country has an annual rainfall varying from 5 to 30 inches. The eastern quarter of the country has heavier rainfall (40 to 80 inches). The 8,000 to 10,000 foot Drakensburg Mountains near the east coast intercept much of the rainfall coming in from the Indian Ocean. Freezing temperatures occur annually for short periods in the winter months in the vast 3,000 to 6,000 foot interior plateau. High summer temperatures reduce substantially the effectiveness of rainfall in this interior plateau, which includes the main corn belt in the Orange Free State and Transvaal. In some parts of South Africa each year, there is severe drought of varying duration and area.

About 82 percent of the farm and livestock area (259 million acres) consists of holdings in excess of 2,100 acres, including large blocks of Bantu tribal holdings. Government policy discourages fragmentation of land in the large ranching areas into units smaller than 5,000 acres, with about 300 animals considered a minimum beef cattle economic unit.

Virtually all white farms and ranches are held under a freehold system, with modification on some settlement schemes. Most Bantu reserve lands are held under various tribal and communal systems.

AGRICULTURAL PATTERNS

Wool, corn, sugar, and fruit are the major commercial agricultural commodities of South Africa. Most commercial production is confined to white-operated farms and ranches. Only in the past 4 years has corn become one of the three top export commodities. Most commercial corn production is in the Orange Free State and Transvaal highveld. About one-third of the country's approximately 100,000 white farmers and ranchers produce corn commercially. Corn accounts for over 40 percent of the total cultivated area. Only about 15 percent of the crop is retained on the white farms. Feeding of corn to livestock is extremely limited, but is increasing.

Corn production by Africans is at a static level, amounting to less than 5 percent of the country's production. It is almost exclusively produced for subsistence, and is importantly supplemented by grain sorghum (Kaffir corn).

The traditional and principal wheat growing area is the winter rainfall area of the western Cape; some is grown in Orange Free State and Transvaal.

Citrus production is scattered in various large units in subtropical areas from the southwest Cape to northern Transvaal, while deciduous fruits are concentrated in the colder portions of the Cape Province, and grape production in the southwest Cape. Pineapples are largely concentrated in the eastern Cape.

While the major portion of livestock production on white farms is on large ranches, largely on grass and shrub rangeland, dairy products and some beef cattle and sheep are also produced as a part of mixed farming systems.

FARM TECHNOLOGY

The Republic of South Africa is one of three leading agricultural countries in Africa, as well as the continent's most highly industrialized country. It is the major user and producer of fertilizer; consumption continues steadily upward. Consumption of chemical plant nutrients in 1962 was: Nitrogen, 64,591 metric tons; P_2O_5 , 173,363 tons; K_2O , 44,815 tons. The number of tractors on white-operated farms increased from 48,400 in 1950 to 137,000 in 1962, and other types of mechanized equipment are also increasing. Wheat is harvested primarily by modern combines. Corn harvesters adapted to South African conditions probably will increase significantly in the near future.

The oldest research work in South Africa is in animal husbandry, including the famous Onderstepoort Veterinary Research Institute established in 1897, and the closely affiliated Faculty of Veterinary Science of the University of Pretoria.

AGRICULTURAL PRODUCTION

South Africa produces a wide range of temperate and subtropical agricultural products, similar to the American Southwest, California, and northern Mexico. It is Africa's largest producer of livestock and dairy products, sugar, corn, wool, pineapples, citrus, and deciduous fruits. It is self-sufficient in most agricultural products, growing more than 95 percent of the food consumed. Outstanding deficit commodities are cotton, tallow, tea, rice, and wheat. The country produces only one-third of its cotton needs.

AGRICULTURAL TRADE

Agricultural exports in 1962 were valued at 45 percent of South Africa's total exports (excluding gold and specie), up from 36 percent in 1960. Agriculture's contribution to exports by value has varied within this range in the last decade. Since 1959, South Africa has become the world's third largest corn exporter, and is also one of the leading fruit exporters. Both fresh

Table 1.--Republic of South Africa: Production of principal agricultural commodities, average 1957-59, 1962/63 crop year.

Commodity	1957-59 average	1962/63	Commodity	1957-59 average	1962/63
	1,000 metric tons			1,000 metric tons	
Wheat	710	699	Dried fruits	13	13
Barley	20	40	Citrus fruit	353	481
Corn	3,604	6,094	Bananas	88	85
Kaffir corn (sorghum)	206	292	Grapes for wine	468	575
Oats	98	109	Other fresh fruit	420	682
Rye	8	9	Vegetables	577	700
Rice, paddy	5	3	Meat ^{2/}	681	700
Beans and peas	49	52	Poultry	24	29
Potatoes	345	422	Eggs	58	65
Sugar, raw ^{1/}	956	1,158	Milk	2,448	2,477
Peanuts, unshelled	170	186	Wool, greasy basis	126	146
Cottonseed	13	25	Mohair, greasy basis ^{3/} ...	3	6
Sunflower seed	82	98	Hides and skins	63	68
Cotton lint	6	12	Karakul (1,000 pelts)	767	1,010
Tobacco	31	27			

^{1/} Includes production in Swaziland. ^{2/} Includes meat of live animals from South-West Africa, Bechuanaland, Basutoland, and Swaziland. ^{3/} Includes production in Basutoland.

and canned fruit are exported. Wool is the top agricultural export, followed by fruit, corn, and sugar. Sugar exports in 1963 were valued at nearly \$50 million.

While the Republic of South Africa has a visible adverse trade balance, its exports of gold enable it to maintain a very favorable overall trade balance. For the year ended June 30, 1963, South Africa exported \$922.6 million of gold. Therefore, its exchange position continues strong, and it has one of the world's hardest currencies. Tea is the leading agricultural import, followed by cotton, rubber, wool, rice, coffee, wheat, and tallow.

U. S. agricultural imports from South Africa in 1963 were valued at \$46.8 million--principally wool (\$20.8 million) and sugar (\$19.7 million). U. S. agricultural exports to South Africa were valued at \$23.6 million in 1963--principally rice (\$8.7 million), wheat (\$5.7 million), cotton (\$3.4 million), and tallow (\$1.3 million). For the first time since 1959, South Africa in 1963 imported substantial quantities of wheat from the United States. Wheat imports have also been sizable in 1964.

Table 2.--Republic of South Africa: Livestock numbers, 1954 and 1959-61

Kind	1954	1959	1960	1961
	Thousands			
Cattle	11,600	11,300	12,294	12,526
Sheep	37,600	37,900	38,789	37,904
Goats (including Angora)	5,400	5,000	5,057	5,320
Hogs	1,260	1,000	1,381	1/
Horses	1/	558	472	1/
Mules	1/	75	57	1/
Donkeys	1/	518	377	1/
Poultry	1/	1/	18,990	1/

1/ Not available.

The United Kingdom continues as South Africa's best customer and chief supplier, taking about one-third of its exports and supplying 30 percent of its imports in 1963. South Africa's exports continue enjoying preferential treatment in the United Kingdom, particularly fresh and canned fruits. The United States (17 percent) and Japan (7 percent) rank high as customers for South African exports, with Japan now the country's most important sugar and corn customer. The United States was South Africa's second most valuable supplier (17 percent) in 1963, with West Germany third (11 percent) and Japan fourth (5 percent).

Although not in international trade data (table 4), about 15 percent of South Africa's beef supply comes from animals obtained in South-West Africa.

FOOD SUPPLY

Daily food consumption (1959-61 average) is estimated at 2,705 calories per person. Grains provided 1,522 calories (mainly corn, secondarily wheat); sugar, 392; vegetable oils and animal fats, 140; meat, 263 (highest in Africa); beans and peas, 36; fish and fish products, 59; and milk and cheese, 173 calories. This average diet is adequate by applicable consumption standards, but there are significant differences between various segments of the population and areas of the country.

AGRICULTURAL AND TRADE POLICY

South Africa's basic agricultural policy is to produce most of its own needs for food and fiber, with adequate attention to both traditional and new export products. Emphasis on market development is increasing steadily both at home and abroad, particularly since establishment of the separate Ministry of Agricultural Economics and Marketing. More effective use is being made of agricultural economics and statistics, marketing and farm surveys, and related economic material in near- and long-term planning, crop forecasting, and developing agricultural markets.

There are no legislated production or acreage controls in South Africa.

More than two-thirds of the marketed agricultural products in the Republic move through various commodity cooperatives. Some own facilities for storage, handling, and processing. Cooperative marketing is controlled by 19 quasi-public marketing control boards. The Fresh Milk Board is a new one; a mohair board is expected to be established soon. The scope and operations of these boards vary. Some are primarily concerned with domestic marketing; others control both domestic and export marketing. Most control imports.

Most marketing control boards have stabilization funds for a system of advance and final payments to growers. Except for wheat, corn, and tobacco, these funds are provided entirely by the producers.

For corn and wheat, the producer receives a guaranteed price based upon grade, type, and cost of production. Losses on corn exports are borne largely by producers, with occasional contributions by the government. Wheat imports are controlled by the Wheat Board. Wheat, flour, and bread prices from domestic and imported wheat are stabilized at low prices to the consumer from a fund maintained by levies upon producers, millers, and the government. Surplus tobacco is exported, usually at a loss, through an arrangement by manufacturers, producers, and the government. However, most export crops are sold at world prices without direct government price support. The Wool Commission sets a floor price at public auctions, but it is infrequently used.

All agricultural commodities are subject to import permits. These are issued by the Director of Imports and Exports in collaboration with the Ministry of Agricultural Economics and Marketing and individual marketing boards.

Table 3.--Republic of South Africa: Exports of principal agricultural commodities, by principal countries of destination, average 1957-59, annual 1962 ^{1/}

Commodity and country	Quantity		Value		Commodity and country	Quantity		Value	
	1957-59 average	1962	1957-59 average	1962		1957-59 average	1962	1957-59 average	1962
Wool	1,000 metric tons		1,000 dollars		Angora hair (mohair) ..	1,000 metric tons		1,000 dollars	
United States	113.8	127.5	151,506	151,127	United Kingdom ...	3.4	5.4	8,562	10,054
France	13.2	22.7	16,395	28,830	Japan	1.8	2.6	4,373	5,071
United Kingdom	18.8	23.2	23,291	26,768	Italy .....	.6	.9	1,491	2,122
Italy	27.5	20.0	33,941	23,457		.6	.9	1,673	1,921
West Germany	10.7	17.9	14,695	19,660	Peanuts (shelled)....	39.6	51.0	7,595	9,601
Japan	16.9	17.1	21,257	17,787	Netherlands.....	7.2	22.0	1,421	4,077
	5.2	14.2	7,232	13,495	United Kingdom....	14.5	8.4	2,936	1,701
Corn	838.3	2,070.0	41,859	101,096	Meat, fresh or frozen	12.4	21.6	4,818	7,543
Japan	102.0	982.3	5,322	48,762	Corn meal	130.8	123.7	5,668	5,451
United Kingdom	283.8	434.7	13,258	19,817	Tobacco	1.4	7.9	1,238	4,376
Italy	137.5	266.9	6,942	13,549	Butter	3.7	4.8	2,768	3,382
Netherlands	131.7	170.8	7,025	8,043	Peanut oil	16.1	9.2	5,144	3,025
West Germany	103.4	139.5	5,195	7,286	Wines (1,000 Imp. gal.)	354.6	345.1	3,806	4,304
Sugar	212.3	479.4	18,195	41,982	Other agricultural.....			49,425	66,536
United Kingdom	146.4	156.0	11,228	13,508	Total agricultural			424,162	549,076
Japan	2/	110.5	2/	9,410	Fish, canned and fresh	64.7	84.4	26,313	34,616
United States	2/	99.3	2/	9,198	Fish meal	82.1	207.4	10,522	18,469
Fruit	227.1	291.5	32,008	35,752	Fish oil ^{4/}	17.5	56.4	2,898	7,629
Citrus, fresh	92.2	131.5	22,682	34,030	Other nonagricultural			599,829	604,599
Deciduous, grapes and pineapples, fresh...	99.9	122.0	33,310	35,478	Total nonagricultural			639,562	665,313
Preserved and dried...	39.5	47.8	23,209	22,133	Total exports			1,063,724	1,214,389
Hides and skins (other than karakul	11.9	12.4	5,547	5,483					
Italy	5.6	5.2	4,543	4,113					
United Kingdom	6.3	4.9	4,212	2,657					
France .....	.6	.6	12,369	13,206					
Karakul pelts (undressed)	.6	.6	11,852	12,934					
United Kingdom	3/	0	214	0					
United States									

^{1/} Includes external trade of South-West Africa, Swaziland, Basutoland, and Bechuanaland, but does not include intraregional trade among these three and South Africa. ^{2/} Not available. ^{3/} Less than 50 metric tons. ^{4/} Fish oil includes whale, sperm and seal oil.

Table 4.--Republic of South Africa: Imports of principal agricultural commodities, by principal countries of origin, average 1957-59, annual 1962 ^{1/}

Commodity and country	Quantity		Value		Commodity and country	Quantity		Value	
	1957-59 average	1962	1957-59 average	1962		1957-59 average	1962	1957-59 average	1962
	1,000 metric tons		1,000 dollars			1,000 metric tons		1,000 dollars	
Tea	13.2	14.1	18,696	17,606	Cocoa, raw	2.9	5.7	2,133	2,736
Ceylon	11.6	12.5	17,206	16,181	Ivory Coast	2/	4.5	2/	2,169
Cotton	13.0	22.9	6,417	13,245	Ghana	2.4	.3	1,714	141
United States	7.1	7.7	3,913	4,695	Essential oils .....	.7	.8	1,839	2,442
Brazil .....	.4	4.8	163	2,421	United States .....	.4	.4	743	938
Mexico .....	.5	2.6	341	1,674	Coconut oil	6.6	8.2	1,856	1,797
Rubber, raw	27.0	19.7	13,131	9,722	Malaya	4.2	5.4	1,177	1,155
Malaya	21.7	17.8	12,477	9,280	Fruits, fresh, dried, and preserved	12.7	13.3	1,431	1,641
Wool	2.6	5.0	4,583	7,591	Mozambique	9.8	9.9	474	564
Australia	1.4	2.3	1,972	3,044	Tobacco, unmd.	1.9	1.8	1,619	1,629
United Kingdom .....	.4	.8	1,281	1,914	Rhodesia and Nyasaland	1.7	1.8	1,494	1,628
Pice	40.4	51.6	4,575	6,629	Sausage casings .....	.5	.6	1,229	1,605
United States	1.8	38.2	265	5,836	United States .....	.2	.5	619	1,183
Coffee, raw	11.0	12.4	7,916	5,682	Palm oil and palm kernel oil	2.6	1.4	717	293
Brazil	3.6	4.0	2,804	2,326	Congo	1.2	1.1	668	208
Uganda	5.5	3.6	3,400	1,500	Other agricultural			17,387	33,376
Wheat	123.5	65.5	7,672	4,734	Total agricultural			97,805	115,013
Australia	13.5	51.8	834	3,762	Total nonagricultural			1,389,844	1,316,022
Canada	8.7	13.7	5,329	972	Total imports			1,487,649	1,431,035
Tallow	37.6	36.5	6,604	4,285					
Australia	9.6	23.8	1,622	2,726					
United States	18.3	6.4	3,276	788					
New Zealand	3.1	5.1	517	558					

^{1/} Includes external trade of South-West Africa, Swaziland, Basutoland, and Bechuanaland, but does not include intraregional trade among these three and South Africa.

^{2/} Not available.

The country has a rather highly developed agricultural research organization and expanding modern education, extension, and conservation services. While the main responsibility for conducting agricultural research lies with the Ministry of Technical Services, including agricultural education at the college level, many marketing and control boards contribute funds, buildings, and staff directly to the government experiment stations. The boards also award scholarships annually for study in South Africa or abroad. A number of awardees have been at U. S. universities. Only about one in five of the 3,000 white persons entering the farming industry each year have had formal agricultural training. Most agricultural training for Bantu, Asians, and Coloureds is in separate schools and colleges located in their homeland areas.

Most agricultural research, marketing, extension, and development work has been directed toward commercial production on white farms. Agricultural policy, research, development, education, and extension for Bantu Africans are separately financed and administered by the Ministry of Bantu Administration and Development.

Except for corn and tobacco, direct export subsidies do not play an important role in South Africa's export trade. The government does allow a railage rebate on corn and primary corn products for export, and rail and truck rates on agricultural commodities, fertilizer, and equipment are generally lower than on other commodities.

GENERAL ECONOMIC SITUATION

The year 1963 was one of the most prosperous for the Republic of South Africa. Prosperity continued in 1964. Total exports, excluding gold and specie, in 1963 were \$1,269,755,000; all imports were valued at \$1,697,745,000. Industry, retail trade, and construction continued to expand in 1964, with rises in prices for domestically produced goods.

Manufacturing now contributes a higher percentage of the Republic's gross national product than agriculture. Most sectors of the industrial economy have rapidly expanded in the last decade, including manufacture of fertilizers, chemicals, automobiles, tractors, and farm machinery. The cotton textile industry has not kept pace with the country's needs, but it is expanding and modernizing significantly.

South Africa's gross national product (including South-West Africa, Swaziland, Basutoland and Bechuanaland) for the year ended June 30, 1963, was estimated at \$8.7 billion--including gold--the highest in Africa. The per capita gross national product for the entire region (about 19 million in population) was \$458.